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U. S. Department of Agriculture

U. S. DEPARTMENT OF AGRICULTURE
FEDERAL CROP INSURANCE CORPORATION

1940 WHEAT CROP INSURANCE REGULATIONS



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"We take a long step ahead every time the people get a chance to solve one of their big problems through cooperation. A chance to do that is always the result of long effort, and crop insurance itself is the product of many years. Crop insurance gives many people a way to work together for the common good of all. Such an opportunity should be used to the utmost. We should make up our minds that crop insurance must succeed."

HENRY A. WALLACE,
Secretary of Agriculture.

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1940 WHEAT CROP INSURANCE REGULATIONS

THE Federal Crop Insurance Program for wheat is part of the general program of the United States Department of Agriculture administered for the benefit of agriculture.

By virtue of the authority vested in the Federal Crop Insurance Corporation by the Federal Crop Insurance Act, approved February 16, 1938, as amended, these regulations are hereby published and prescribed to be in force and effect, with respect to the 1940 Wheat Crop Insurance Program, until amended or superseded by regulations hereafter made.

PART I. Definitions

SEC. 1. Meaning of terms.—For the purposes of the 1940 Wheat Crop Insurance Program, the term—

Department means the United States Department of Agriculture.

Secretary means the Secretary of Agriculture of the United States.

Corporation means the Federal Crop Insurance Corporation.

Board means the Board of Directors of the Corporation.

Manager means the Manager of the Corporation.

Branch manager means the representative of the Corporation in charge of a branch office of the Corporation.

Insurance contract means the contract of insurance entered into between the applicant and the Corporation by virtue of the application for insurance, Form FCI-12 Wheat-1940, the acceptance in writing by the Corporation of the application for insurance, Form FCI-18, Wheat-1940, and these regulations, FCI-Regulations-1, Wheat-1940, and amendments thereto.

Application means a properly executed form prescribed by the Corporation for the purpose of applying for insurance.

Base period means the crop years 1930-38, inclusive.

Adjusted average yield means the average of the recorded and appraised annual yields of wheat per seeded acre on the farm for the base period as adjusted by the Corporation, or the

yield appraised on the basis of the adjusted average yield for a key farm, whichever is applicable.

Insured percentage means the percentage of the adjusted average yield for the farm covered, or to be covered, by insurance, and shall be either 50 or 75 percent.

Total insured production means the maximum number of bushels for which the insured may be indemnified under the insurance contract.

Wheat crop means all seeded winter wheat and spring wheat on the farm in any crop year which is normally harvested in that crop year.

Crop year means the period within which a wheat crop is normally seeded and harvested. A crop year shall be designated by reference to the calendar year in which the wheat crop is normally harvested.

Person means an individual, partnership, association, corporation, estate, or trust, and wherever applicable, a State, a political subdivision of a State, or any agency thereof.

Landlord or owner means a person who owns land and rents such land to another person or operates such land.

Tenant means a person other than a sharecropper who rents land from another person (for cash, a fixed commodity payment, or a share of the proceeds of the crops) and is entitled under a written or oral lease or agreement to receive all or a share of the proceeds of the crops produced thereon.

Sharecropper means a person who works a farm in whole or in part under the general supervision of the operator and is entitled to receive for his labor a share of the proceeds of the crop produced thereon.

Harvesting means any severance of mature wheat.

Harvesting as grain means any severance of mature wheat for the purpose of using the same for grain, whether threshed or not.

County means a political or civil division of a State.

County committee means the group of persons elected within any county to administer the agricultural conservation program in such county.

State committee means the group of persons designated within any State to administer the agricultural conservation program in such State.

Seeded wheat means wheat seeded either by drilling and covering after proper preparation of the seedbed or by broadcasting and covering after preparation of the seedbed, but does not include succotash, volunteer wheat, or self-seeded wheat.

Farm means all adjacent or nearby farm land under the same ownership which is operated by one person, including also any field-rented tract (whether operated by the same or another person) which, together with any other land included in the farm, constitutes a unit with respect to the rotation of crops: *Provided, however,* That where any tract or tracts of such farm land vary widely from the remainder of such farm land in productivity, topography, farming practices, or risk of loss, such tract or tracts, in accordance with instructions issued by the Manager, may be considered a separate farm.

A farm shall be regarded as located in the county in which the principal dwelling is situated, or, if there is no dwelling thereon, it shall be regarded as located in the county in which the major portion of the farm is located.

Price differentials means the amount per bushel fixed by the Corporation representing (1) transportation charges between the local delivery point specified for the farm and the designated basic market, wherever, in the determination of the Corporation, such charges are applicable, and (2) other usual charges in connection with the handling of grain.

Basic market means the market designated by the Corporation, for the computation of the cash equivalent of premiums, deposits, refunds, or indemnities, for the area in which the farm is located.

PART II

Conditions Governing Applications for Insurance, the Insurance Contract, and the Insurance Period

SEC. 20. *Application for insurance.*—(a) Application for insurance shall be made upon a form prescribed for such purpose by the Corporation. Any person who has an interest as landlord, owner, tenant, or sharecropper in a wheat crop to be seeded on a farm may apply for insurance to cover his interest in such crop.

(b) An application shall cover the applicant's interest in the wheat to be seeded on a farm (except as provided in subsection (c) of this section) if his interest is the same in the wheat to be seeded on all tracts constituting the farm, and if the persons other than the applicant having an interest in the wheat to be seeded are the same with respect to all tracts. The applicant shall file a separate application for each tract or tracts with respect to which the applicant's interest in the wheat to be seeded differs from his interest in the wheat to be seeded on another tract or tracts within the farm. The applicant shall also file a separate application for each tract with respect to which the other person or persons having an interest in the wheat to be seeded on such tract are different from the person or persons having an interest in the wheat to be seeded on the other tract or tracts within the farm.

(c) An application may be submitted covering only spring wheat even though both winter and spring wheat are seeded on the farm, but, as provided in Part VI of these regulations, the total production of wheat for the purpose of determining the amount of loss under the insurance contract shall include the production from both winter and spring wheat.

(d) An application must be submitted at the office of the county committee, together with the premium, before the beginning of the seeding of the wheat crop (or the seeding of the spring wheat where an application is submitted, in accordance with the provisions of subsection (c) of this section, covering only spring wheat even though both winter and spring wheat are being seeded on the farm) or the final date established by the Corporation for the submission of applications in the area in which the farm is located, whichever occurs first.

SEC. 21. *Acceptance of applications by the Corporation.*—Acceptance of applications shall be made by the issuance to the applicant of a notice of acceptance signed by the Manager and countersigned by a duly authorized officer or representative of the Corporation. Applications shall not be accepted by the Corporation until the premium has been paid. Applications shall be accepted only with respect to farms upon which soil conservation and other good farming practices are being followed. The Corporation may reject any application for insurance, or may limit the insured percentage to 50 percent of the adjusted average yield for the farm, in any case where it determines that the risks to be incurred under the insurance contract warrant either such action.

SEC. 22. Period of insurance.—Insurance under the insurance contract shall attach at the time the wheat crop is seeded if the premium has been paid and the application is accepted by the Corporation.

The insurance shall cease with respect to any portion of the insured crop upon threshing (unless combined, field-sacked, and remaining in the field, in which event the insurance shall not cease for 120 hours thereafter) or removal from the farm, but in no event later than midnight of the 30th day of September 1940, unless such time is extended in writing by the Corporation. *Midnight* means midnight, of standard time at the place where the farm is located.

SEC. 23. Fraud, misrepresentation, etc.—The entire insurance contract shall be voidable, and the premium paid thereon shall be forfeited at the election of the Corporation, if the insured has concealed or misrepresented, or conceals or misrepresents, any material fact or circumstance concerning the insurance contract or the subject thereof, or if the interest of the insured in the crop covered hereunder be not truly stated in the application, or if the insured is guilty of any fraud or makes any false statements relating to the insurance contract or the subject thereof, whether before or after a loss, or if the insured shall neglect to use all reasonable means to develop, care for, and save the entire crop covered by the insurance contract, whether before or after damage has occurred.

SEC. 24. Modification of insurance contract.—No notice to any representative of the Corporation or knowledge possessed by any such representative or by any other person shall be held to effect a waiver or change in any part of the insurance contract or estop the Corporation from asserting any right or power under such contract; nor shall the terms of such contract be waived or changed except by a form prescribed by the Corporation, signed by the Manager and countersigned by a duly authorized officer or representative of the Corporation; nor shall any provision or condition of this insurance contract or any forfeiture be held to be waived by any delay or omission by the Corporation in exercising its rights and powers hereunder or by any requirement, act, or proceeding, on the part of the Corporation or of its representatives relating to appraisal or to any examination herein provided for.

SEC. 25. Insurance contract voidable unless full compliance.—Failure to give any notice to the Corporation or to furnish proof of loss within the time and in the manner prescribed herein, or failure to comply with any of the

terms, conditions, or covenants of the insurance contract, shall render the insurance contract voidable and, at the election of the Corporation, shall constitute a forfeiture of the premium paid.

PART III

Time and Manner of Payment of Premiums and Tender of Deposits

SEC. 30. Time and place of payment of premiums.—Premiums shall be payable at the office of the county committee for the county in which the farm is located. Premiums may be paid either in wheat or the cash equivalent thereof, at the option of the insured. Premiums shall be payable at the time the application is taken, and in no event shall a premium (except an additional payment supplementing a premium payment) be paid after the beginning of the seeding of the wheat crop, except as provided in subsection (c) of section 20, or after the date specified by the Corporation as the closing date for the receipt of applications, whichever occurs first.

SEC. 31. Deposits to be applied toward future premiums.—Any person who submits an application for insurance may tender, at such time, with his premium payment toward the payment of future premiums a deposit of wheat or cash in an amount not in excess of the premium for the crop year during which the deposit is made. The Corporation reserves the right to reject the tender of any deposit. A tender of deposit shall be made at the office of the county committee for the county in which the farm is located.

The receiving of any deposit by the Corporation shall not obligate the Corporation to insure the interest of the depositor, and any insurance contract for which such deposit is made will be subject to the provisions of the regulations applicable to the insurance program for which the deposit is made.

A depositor shall have no title or interest in any wheat (including any wheat deposited) held by the Corporation. The Corporation shall be liable to the depositor only for the cash equivalent of the quantity of wheat credited or to be credited to the depositor's account, such cash equivalent to be determined in accordance with the provisions of section 32 of these regulations.

SEC. 32. Payment of premium or tender of deposits in cash equivalent.—The payment of premiums in the cash equivalent shall be made in cash, check, money order, or bank draft payable to the Treasurer of the United States, or

by means of an advance from the Secretary of Agriculture. The tender of deposits in the cash equivalent shall be made in cash, check, money order, or bank draft payable to the Treasurer of the United States. All checks and drafts will be accepted subject to collection and premiums or deposits shall not be regarded as paid unless collection is made.

The cash equivalent of any premium or deposit shall be determined by multiplying the number of bushels of wheat of the applicable class and grade constituting the premium or deposit by the price of such wheat at the current basic market designated by the Corporation, less price differentials. The price of such wheat at the current basic market shall be the price, as determined by the Corporation, for the day when the premium is paid or the deposit is made.

The cash equivalent of any additional payment supplementing a premium payment shall be determined by multiplying the number of bushels of wheat of the applicable class and grade constituting such additional payment, by the price of such wheat used for the computation of the original premium payment.

SEC. 33. Payment of premium or tender of deposits in wheat.—(a) When premiums are paid in wheat, such payments shall be made by the delivery of a negotiable warehouse receipt, or some other instrument acceptable to the Corporation (both hereinafter referred to as "warehouse receipt"), representing the number of bushels of wheat of merchantable quality constituting the current year's premium and representing wheat of the class specified in the application and the grade specified for such class by the Corporation for the current year's premium. Tender of deposits in wheat shall be made in a similar manner. Warehouse receipts shall be accepted only when issued by a warehouse designated by the Corporation. No warehouse receipt will be accepted as a payment of premium or tender of deposit unless it is received at the office of the county committee within the time fixed by the Corporation and unless there are no warehouse charges or other liens outstanding against the wheat represented by the warehouse receipt other than the usual charges for receiving and storage if any, for a period not in excess of ten days prior to the date the payment or tender was made. Premiums or deposits shall not be regarded as paid unless the warehouse receipts representing wheat tendered in payment of the premium or the deposit are accepted by the Corporation. One warehouse receipt representing wheat may

be tendered to cover both the premium and the deposit.

(b) If, for any reason whatsoever, it appears at any time that the transfer of a warehouse receipt, whether received by the Corporation or its agent as payment of premium or deposit, did not convey to the Corporation complete and unencumbered title to the receipt and the wheat represented thereby, except for the usual charges for receiving and storage not in excess of ten days, or if at any time the Corporation's title to such receipt or the wheat represented thereby is questioned by any person, then, unless the question of title to or charges against such wheat is immediately settled without cost to the Corporation, the Corporation shall not be liable for the payment of any indemnity under the insurance contract for which such receipt was tendered as premium and shall not be liable for a deposit or refund because of the tendering of such receipt. Any payment of indemnity or refund of premium made under the insurance contract for which any such receipt was tendered as premium, and any refund of deposit, shall be returned to the Corporation without limiting any other right or remedy of the Corporation. Any charges or cost to the Corporation in connection with such warehouse receipt, or the wheat represented thereby, may be set off against any indemnity which may be or become due under any insurance contract entered into with the applicant or in which he may have an interest. Settlements necessitated by the transfer of receipts failing to convey complete and unencumbered title to the receipt and the wheat represented thereby shall be on the basis of the cash equivalent applicable on the date when such receipt was tendered to the Corporation.

SEC. 34. Disposition of 1939 Crop-year Deposits.—Any amount which is on deposit with the Corporation pursuant to the Regulations Relating to Wheat Crop Insurance, as amended, F.C.I.R.-Series 1, No. 1, as amended, at the election of the depositor (1) shall be applied in payment of the premium for any insurance for which his application is accepted, (2) shall be redeposited and shall become a deposit subject to the provisions of these regulations, or, (3) shall be refunded in accordance with the Regulations Relating to Wheat Crop Insurance, as amended, F.C.I.R.-Series 1, No. 1, as amended.

At the time the depositor makes application for insurance with respect to the 1940 crop he shall specify one or more of the foregoing methods of disposition of his deposit: *Provided, how-*

ever, That any such deposit or any portion thereof which, at the direction of the depositor, is not applied in payment of premium or redeposited will be refunded as soon as practicable by the Corporation in accordance with the Regulations Relating to Wheat Crop Insurance, as amended, F.C.I.R.-Series 1, No. 1, as amended, and *Provided, further,* That any excess of the amount applied in payment of the premium will become a deposit, or will be refunded at the election of the depositor, in accordance with the provisions of section 40 of these regulations.

SEC. 35. *Conversion of cash into deposits of wheat.*—Any tender of deposit made in cash will be credited to the depositor's account in terms of the wheat equivalent of such cash at the time the tender of deposit is made and will be deposited on the basis of the class and grade of wheat specified for the payment of the current year's premium. The wheat equivalent of any cash tendered for deposit will be determined on the same basis as that provided in section 32 of these regulations for the determination of the cash equivalent of a deposit.

SEC. 36. *Application of wheat deposits toward premiums.*—A deposit, at the direction of the depositor, will be applied by the Corporation toward the payment of the premium for any insurance for which the depositor's application is accepted. Where the deposit is to be applied toward a premium for an insurance contract covering a farm for which different price differentials are applicable, the depositor will be charged or credited with an amount of wheat, as determined by the Corporation, reflecting the difference between the price differentials applicable at the place where the deposit was made and the price differentials at the local delivery point for the farm for which the application for insurance was made.

SEC. 37. *Premium earned upon seeding.*—Premiums shall be regarded as earned upon the seeding of the wheat crop.

PART IV

Refund of Premiums and Deposits

SEC. 40. *Computation of refunds; claim for refunds.*—(a) Any refund of premiums, excess payments, or deposits shall be made only in the cash equivalent of the quantity of wheat to be refunded, less an amount, fixed by the Corporation, to cover storage and handling expenses. In no case shall such deduction exceed one-twentieth of one cent per day per bushel. The

period for which such deductions shall be computed shall commence with and include the day following the day on which the premium was paid or the deposit was delivered. Such period shall end with and include the day on which payment of the refund is approved by the Corporation.

(b) Claims for refunds shall be made on forms prescribed by the Corporation. Claims for refunds of premiums or deposits shall be submitted to the Corporation at the office of the county committee where the premium was paid or the deposit was delivered. No claim for refund of premium shall be acted upon by the Corporation until the acreage seeded to wheat on the farm covered by the insurance contract has been determined. Except as may otherwise be provided by the Corporation, no claim for refund of a deposit shall be considered prior to the final date fixed by the Corporation for the receipt of applications for the 1941 Wheat Crop Insurance Program in the county where the farm in connection with which the deposit was made is located. Nothing in this subsection shall be construed to restrict the Corporation's right to refund any deposit or premium at such earlier date as it may determine.

(c) The cash equivalent of any refund of a deposit shall be determined by multiplying the amount to be refunded in terms of bushels of wheat of the class and grade specified for the payment of the premium for the insurance contract with respect to which the deposit was made by the price of such wheat, at the local delivery point, applicable for the day the deposit was tendered to the Corporation, whether or not such deposit was made in wheat or in the cash equivalent thereof.

(d) The cash equivalent of any refund, other than a refund of a deposit, shall be determined by multiplying the amount to be refunded in terms of bushels of wheat of the class and grade specified for the payment of the premium for the insurance contract by the price of such wheat, at the local delivery point, applicable for the day the premium was paid, whether or not such premium was paid in wheat or in the cash equivalent thereof.

(e) No refund shall be made if the amount thereof is less than one bushel.

SEC. 41. *Refund or deposit of excess payment.*—In any case where an excess payment results from an adjustment in the total insured production, or the computing of the total insured production on the basis of the wheat acreage allotment, or the permitted acreage,

whichever is applicable, as set forth in section 50 of these regulations, or from any other reason, such excess payment, other than payment by an advance by the Secretary, shall be credited to the insured's account as a deposit to be applied toward the payment of the premium on any application which is accepted by the Corporation, unless the insured has indicated in his application that he elects to have such excess payment refunded. Any amount credited to the insured's account pursuant to this section shall be deemed to have been deposited on the date of payment of the premium.

SEC. 42. Death, incompetency, or disappearance of person entitled to refund; change of fiduciaries.—In any case where a person who is entitled to a refund of premium or deposit has died, has become incompetent, has disappeared leaving his whereabouts unknown for a period of 150 days from the date the Corporation determines that a refund is due, or has ceased to act as a fiduciary, such refund will be made to his legal representative or successor. If no such legal representative or successor has been appointed, or is otherwise legally qualified, and the quantity of wheat to be refunded before deduction of storage and handling expenses is less than 500 bushels, such refund may be made to any one or more of the persons beneficially entitled to share in such refund on behalf of all the persons so entitled upon proof of the facts satisfactory to the Corporation. The determination of the Corporation as to the existence or non-existence of a circumstance in the event of which payment of a refund may be made to a person other than the person who paid the premium or made the deposit, as the case may be, shall be final and conclusive and payment in accordance with such determination shall constitute a complete discharge of the Corporation's obligation with respect to the refund.

SEC. 43. Assignment of claims for refunds; creditors.—(a) No claim solely for a refund, or any part or share thereof, or any interest therein, shall be transferable except where the Corporation has recognized an assignment of the insurance contract pursuant to the provisions of section 86 of these regulations. Notwithstanding any assignment for receiving payment of any such refunds, the Corporation reserves the right to make payment of the refund jointly to the assignor and assignee, and payment in such manner shall constitute a complete discharge of the Corporation's obligation with respect to such refund.

(b) The provisions of section 87 of these regulations shall be applicable to the payment of refunds.

PART V

Total Insured Production

SEC. 50. Total insured production.—(a) The total insured production for the insurance contract shall be the product of the adjusted average yield, the insured percentage, the insured's interest in the crop, and the acreage used for the computation of the premium: *Provided, however,* That if special practices are accepted as the basis for insurance, the total insured production for the insurance contract shall be the sum of the products of the adjusted average yield, the insured percentage, the insured's interest in the crop, and the acreage used for the computation of the premium computed separately for the acreage under each special practice.

(b) If the acreage of wheat seeded for harvest as grain is in excess of the wheat acreage allotment for the farm under the 1940 Agricultural Conservation Program or the acreage permitted to be planted to wheat under such program without deduction from payment, the wheat acreage allotment or such permitted acreage shall be used in lieu of the acreage of wheat seeded for harvest as grain for the purpose of computing the total insured production.

In the event that the farm covered by the insurance contract is grouped with other farms to constitute one farm under the 1940 Agricultural Conservation Program, the acreage of wheat used in computing the total insured production for the farm covered by the insurance contract may exceed the wheat acreage allotment, or the permitted acreage for such farm, whichever is applicable, if the acreage seeded on all such farms constituting one farm under the 1940 Agricultural Conservation Program is not in excess of the total wheat acreage allotment or the permitted acreage for the farm as constituted under the 1940 Agricultural Conservation Program. If the acreage of wheat seeded on all such farms constituting one farm under the 1940 Agricultural Conservation Program is in excess of the total acreage allotment for all such farms, or the permitted acreage, the acreage used in computing the total insured production for each such farm covered by an insurance contract shall be the same percentage of the acreage seeded to wheat for harvest as grain

on the farm that the total acreage allotment for all such farms is of the acreage seeded on all such farms.

If the total acreage used for the computation of the premium under one or more practices is in excess of the wheat acreage allotment for the farm or the permitted acreage, whichever is applicable, the insured production as computed for each practice shall be reduced in the proportion that the total acreage allotment is to the total acreage seeded.

SEC. 51. Adjustment of total insured production.—(a) If the acreage seeded for harvest as grain is less than the acreage used for the computation of the premium as specified in the application, the total insured production shall be adjusted, subject to the provisions of section 50 (b), to the basis of the acreage seeded. If the acreage seeded for harvest as grain is greater than the acreage used for computation of the premium as specified in the application, the total insured production shall not be adjusted except upon proper application and approval of such application by the Corporation and upon payment of an additional premium to the Corporation, prior to the date specified by the Corporation for receiving such payments.

(b) If the acreage seeded for harvest as grain under any one or more special practices differs from the respective acreages used for the computation of the premium as specified for each of such practices in the application, the total insured production shall be subject to adjustment by the Corporation, subject to the provisions of section 50 (b), on the basis of the acreage seeded for each such practice. If the adjustment would result in a smaller total insured production, the Corporation shall make such adjustment and reduce the total insured production. If the adjustment would result in a larger total insured production, the Corporation shall make such adjustment and increase the total insured production: *Provided, however,* That if an additional premium is required, the total insured production shall not be increased except upon payment of such additional premium to the Corporation prior to the date specified by the Corporation for receiving such payments.

(c) The total insured production shall be adjusted if the Corporation finds that the insured seeded the wheat crop on land of poorer average quality for the production of wheat than the average quality of the land seeded to wheat on the farm during the base period and such seeding is not the result of a regularly established rotation. Such adjusted total insured production

shall be computed by substituting for the adjusted average yield for the farm a yield per acre appraised on the basis of the quality of the land on which the wheat crop is seeded.

(d) The total insured production shall be adjusted if the Corporation's risk has been increased by (1) the seeding of a different class of wheat than the class of wheat considered in determining or appraising the adjusted average yield or (2) the following of a different fertilizer or other farming practice than the practice considered in determining or appraising such adjusted average yield. Such adjusted total insured production shall be computed by substituting for the adjusted average yield a yield for the land seeded to the wheat crop appraised on the basis of the practice followed for the 1940 wheat crop.

(e) Any adjustment in the total insured production made pursuant to subsections (c) and (d) of this section may be made at the time of the determination of loss under the insurance contract.

(f) Notwithstanding any previous adjustments of the total insured production, the Corporation reserves the right to further adjust such total insured production on the basis of the acreage seeded, if at the time of determination of loss under the insurance contract it is determined that the acreage seeded to wheat for harvest as grain is less than the acreage indicated in the notice provided for in section 52 of these regulations or the acreage and practices are different from those indicated in such notice.

SEC. 52. Notice of seeding of wheat crop.—The insured, on a form prescribed by the Corporation, and on or before the date prescribed by the Corporation, shall indicate the acreage seeded to wheat on the farm and any change from the acreage and practices specified in the application. The adjustment of the total insured production under the insurance contract will be made on the basis of such notice.

PART VI

Determination of Loss

SEC. 60. Notice of damage during growing season.—(a) Immediately after material damage to the insured crop by reason of any cause, whether or not such cause is insured against by the insurance contract, notice in writing thereof shall be given, on a form provided for that purpose, to the Corporation at the office of the county committee for the county in

which the farm is located, containing such information as may reasonably be required regarding the damaged crop.

(b) The Corporation may make an investigation of the insured crop where it appears that the reported damage may be of such a nature as to result in a loss under the insurance contract. The Corporation shall have a reasonable period after receipt of such notice in which to investigate the condition of the insured crop and appraise the yield of such crop, or portion thereof.

(c) Proper measures shall be taken to protect the crop from further damage until threshing, unless the Corporation gives its permission to devote the acreage seeded to wheat to some other use. No acreage seeded to wheat shall be considered as put to another use as long as there is any wheat on such acreage remaining for harvest. In no event shall there be any abandonment of any crop or portion thereof to the Corporation.

SEC. 61. Notice before harvest, removal, transfer, or other use.—Notwithstanding any other notice given as required by the insurance contract, if it is probable that there will be a loss under such insurance contract, notice in writing of the intention to harvest, remove, transfer, or make other use of the insured crop, or any portion thereof, shall be given to the Corporation, at the office of the county committee for the county in which the farm is located, in time to give the Corporation reasonable opportunity to inspect the insured crop before such harvest, removal, transfer, or other use.

SEC. 62. Time of loss.—Loss shall be deemed to have occurred at the time of the completion of threshing of the insured crop (unless combined, field-sacked, and remaining in the field, in which event the loss shall be deemed to have occurred upon the expiration of the insurance period) or noon of the 30th day of September 1940, whichever occurs first, unless there is a total or substantially total destruction of the entire crop at an earlier time, in which event the loss shall be deemed to have occurred at the time of such total or substantially total destruction. The wheat crop shall be deemed to have been substantially totally destroyed if the Corporation finds that it has been so badly damaged that the farmers generally in the area where the farm is located would not further care for the crop for wheat production.

SEC. 63. Proof of loss.—If a loss is claimed, the insured shall submit to the Corporation at the office of the county committee for the county in which the farm is located, on a form pro-

vided for that purpose, a statement in proof of loss containing such information as may reasonably be required regarding the insured crop. Such statement in proof of loss shall be submitted not later than 30 days after threshing, but in no event later than October 15, 1940, unless such time is extended in writing by the Corporation. It shall be a condition precedent to any liability under the insurance contract that the insured establish that any loss for which claim is made has been directly caused by a hazard insured against by the insurance contract during the term of the contract, and that the insured further establish that such loss has not arisen from or been caused by, either directly or indirectly, any of the hazards not insured against by the insurance contract.

SEC. 64. Amount of loss.—The amount of loss for which indemnity will be paid under this insurance contract shall be the amount by which the total production of wheat on the farm, multiplied by the percentage representing the insured's interest in the insured crop, is less than the total insured production for the insurance contract. The total production for the farm, for the purpose of determining the amount of loss, shall include:

1. Wheat produced from any acreage, except succotash and volunteer or self-seeded wheat, which was threshed;
2. Wheat production appraised from any acreage, except succotash and volunteer or self-seeded wheat, which was not threshed, but which was otherwise harvested as grain;
3. Wheat production appraised from any acreage seeded with the intention of harvesting as grain, which was not threshed, but which, after maturity, was left standing in the field;
4. Wheat production appraised from any acreage, seeded with the intention of harvesting as grain, which was substantially totally destroyed and put to another use with the consent of the Corporation;
5. For acreage seeded with the intention of harvesting as grain which before maturity was pastured off, cut for hay, or used for soil conservation, a number of bushels equal to the product of (1) the adjusted average yield, (2) the insured percentage, and (3) such acreage;
6. For acreage seeded with the intention of harvesting as grain which was not re-

- seeded in areas and under circumstances where it is customary to reseed, a number of bushels equal to the quantity of wheat by which the actual production per acre is less than the product of (1) the adjusted average yield, (2) the insured percentage, and (3) such acreage;
7. For acreage seeded with intention of harvesting as grain with a complete failure in yield due to causes not insured against, a number of bushels equal to the product of such acreage and the adjusted average yield;
 8. For acreage seeded with the intention of harvesting as grain which has been damaged by reason of causes not insured against, or which has been damaged or destroyed by reasons of causes insured against and causes not insured against, a number of bushels equal to the appraised reduction in production due to causes not insured against;
 9. For acreage seeded with the intention of harvesting as grain with respect to which the insured's interest is terminated by voluntary transfer or process of law before the crop is harvested, except as otherwise provided in section 81 of these regulations, a number of bushels equal to (1) the product of the adjusted average yield the insured percentage, and such acreage, or (2) the actual production from such acreage, whichever is higher.

SEC. 65. Records, access to farm.—For the purpose of enabling the Corporation to determine the loss under the insurance contract the insured shall keep, or cause to be kept, records of the harvesting, threshing, storage, shipment, sale, or other disposition, of all wheat produced on the farm, which will be made available for examination by the Corporation, and as often as may reasonably be required, any person or persons designated by the Corporation will have access to the farm.

PART VII

Time and Manner of Payment of Indemnity

SEC. 70. When indemnity payable.—The amount of loss for which the Corporation may be liable under any insurance contract shall be payable within 30 days after satisfactory proof of loss is approved by the Corporation. Notwithstanding the fact that payment of any

indemnity is delayed for any reason beyond the time specified, the Corporation shall not be liable for interest or damages on account of such delay.

SEC. 71. Manner of payment of indemnity.—The indemnity under any insurance contract for which the Corporation may be liable shall be paid in wheat or the cash equivalent thereof. The insured may indicate in his statement in proof of loss whether he wishes the indemnity to be paid in wheat or in cash, but the Corporation reserves the right to make payment in a form other than that indicated by the insured.

SEC. 72. Payment of indemnity in cash.—Where an indemnity is paid in cash, the amount thereof shall be computed by multiplying the amount of loss, in terms of bushels of wheat, of the class and grade specified for the payment of the premium for the insurance contract, by the price of such wheat at the current basic market, as determined by the Corporation, less the amount per bushel fixed by the Corporation representing price differentials. The current basic market price for any class or grade of wheat at such basic market shall be the basic market price, determined by the Corporation, for the day when the claim for indemnity is approved for payment by the Corporation.

SEC. 73. Payment of indemnity in wheat.—(a) Where an indemnity is paid in wheat, payment shall be in the form of a warehouse receipt representing wheat of the basic class and grade specified for the payment of the premium for the insurance contract, or its current equivalent in wheat of any other class and grade, as determined by the Corporation.

(b) If the warehouse receipt represents wheat (other than "flat wheat") stored at the basic market, it shall be for a number of bushels computed by dividing the amount of indemnity which would have been paid in cash by the current market price for such wheat at the basic market. When a warehouse receipt is delivered as provided in this subsection, it shall be accompanied by evidence of the payment of sufficient inbound freight bills or tonnage credit slips to assure the customary transit privileges.

(c) If the warehouse receipt represents wheat (other than "flat wheat") stored at any point or market other than the basic market, it shall be for a number of bushels computed by dividing the amount of the indemnity which would have been paid had the indemnity been paid in cash by the current market price for such wheat at such other point or market.

The current market price at such other point or market shall be determined by deducting from the current basic market price at the designated basic market, an amount per bushel, fixed by the Corporation, to cover freight, from the point at which the wheat originated to the basic market, and adding thereto an amount per bushel representing the freight necessary to move such wheat from such point of origin to the point or market at which the wheat is stored. When the warehouse receipt is delivered as provided in this subsection, it shall be accompanied by evidence of the payment of the freight from the point of origin on such wheat to the point of storage.

(d) If the warehouse receipt represents "flat wheat" stored at any point, it shall be for a number of bushels computed by dividing the amount of indemnity which would have been paid in cash by the current market price for such "flat wheat" at such point. The current market price at such point shall be determined by deducting from the current basic market price at the designated basic market an amount per bushel fixed by the Corporation to cover price differentials.

(e) "Flat wheat," as used herein, means wheat represented by warehouse receipts not accompanied by paid freight bills showing previous movement of such wheat.

(f) The current market prices to be applied under this section shall be such prices for the day when the proof of loss is approved for payment by the Corporation.

SEC. 74. Adjustments in connection with indemnity payments.—Where an indemnity has been paid under the insurance contract and an adjustment of such indemnity is made, such adjustment shall be made on the basis of the cash equivalent applicable to the indemnity paid, whether or not such indemnity was paid in wheat or the cash equivalent thereof.

PART VIII

Change of Insured's Interest

SEC. 80. Termination of interest.—Except as is otherwise provided in these regulations, if at the time of loss the insured's interest in the crop has been terminated, whether by death, voluntary action, or process of law, no indemnity shall be payable. The insured's interest shall not be deemed to have been terminated by virtue of the imposition of a lien, whether by voluntary action or process of law, upon the insured crop, or by the appointment of a receiver or

moratorium officer with respect to such crop, the commencement of bankruptcy proceedings, or proceedings for the foreclosure of a lien. The insured shall be deemed to have an interest in the crop so long as he has any right of redemption therein or so long as the continued existence of the crop will be of direct financial benefit to him.

SEC. 81. Diverse interest.—Subject to the provisions of sections 80 and 87 of these regulations, if at the time of loss it appears that one or more persons have an interest with the insured in the percentage of the crop covered by the insurance contract, or that the insured has contracted to sell his interest in the insured crop or any portion thereof to another person or persons, or has contracted to sell the farm covered by the insurance contract, or any portion thereof, to such other person or persons, but the sale has not been completed, such other person or persons, if and insofar as their interests in the crop are not otherwise insured by them or on their behalf against such loss, shall be entitled to the benefit of the insurance contract as their interests may appear. However, the loss may be adjusted with the insured, and payment of any indemnity may be made to the insured in behalf of all persons interested in such crop, whether or not the insured has been authorized to receive such payment by such other persons, and such payment shall constitute a complete discharge of the Corporation's obligation with respect to such loss under the insurance contract.

In the event that the insured makes a voluntary transfer of his entire interest in a portion of the wheat acreage to another person or persons, and such other person or persons comply with the provisions of the insurance contract as applied to such portion of the crop, the amount of loss shall be determined as if such transfer did not take place and the Corporation may pay the indemnity to the insured on behalf of the insured and such other person or persons having an interest in the crop, or may issue a joint check to the insured and such other person or persons.

SEC. 82. Death, incompetency, or disappearance of the insured.—

(a) Death.

(1) Before loss with administration: If the insured dies before the time of loss, and his interest in the crop forms part of his estate, payment of any indemnity will be made to the duly appointed representative of his estate.

(2) After loss with administration: If the insured dies after the time of loss, payment of any indemnity on account of such loss will be made

to the duly appointed representative of his estate.

(3) Before loss without administration: If the insured dies before the time of loss and no legal representative of his estate is appointed or is otherwise legally qualified, payment of any indemnity may be made after the expiration of 30 days from the date of death to any one or more of the persons beneficially entitled to share in the insured's interest in the crop in behalf of all the persons so entitled. Payment will be made under the provisions of this subsection only if the amount of the indemnity is less than 500 bushels and upon the submission of proof satisfactory to the Corporation that the insured's interest in the crop is part of his estate.

(4) After loss without administration: If the insured dies after the time of loss and no legal representative of his estate is appointed or is otherwise legally qualified, then, subject to the conditions outlined in subsection (a) (3) of this section 82, payment of any indemnity on account of such loss may be made after expiration of 30 days from the date of death to any one or more of the persons beneficially entitled to share in the insured's interest in the crop in behalf of all the persons so entitled.

(b) Incompetency.

(1) Before loss: If, before the time of loss, the insured is judicially declared incompetent to manage his affairs, or his incompetency is otherwise established to the satisfaction of the Corporation, and his interest in the crop remains part of his estate, payment of any indemnity will be made to the guardian, or other legally constituted representative of his estate appointed by a court of competent jurisdiction, or who is otherwise legally qualified. In such case if no guardian or other legal representative of the insured's estate is appointed, or is otherwise legally qualified and the amount of the indemnity is less than 500 bushels, payment of any indemnity may be made to a member of his family standing in the position of a voluntary guardian upon presentation of proof satisfactory to the Corporation that the indemnity is needed and is to be used for the purchase of necessities for the incompetent, or for his wife or minor children or other persons dependent upon him for support. If the insured's interest in the crop is terminated by reason of his incompetency, any relative by blood or connection by marriage of the insured who succeeds to such interest, but no other person, shall be entitled to the benefit of the insurance contract.

(2) After loss: If, after the time of loss, the insured is judicially declared incompetent to

manage his affairs, or his incompetency is otherwise established to the satisfaction of the Corporation, payment of any indemnity will be made to the guardian or other legally constituted representative of his estate appointed by a court of competent jurisdiction or who is otherwise legally qualified. If there be no such guardian or other legal representative, and the amount of the indemnity is less than 500 bushels, payment of any indemnity may be made to a member of the insured's family standing in a position of voluntary guardian upon presentation of proof satisfactory to the Corporation that the indemnity is needed and is to be used for the purchase of necessities for the incompetent, or for his wife or minor children or other persons dependent upon him for support.

(c) Disappearance.

(1) Before loss: If, before the time of loss, the insured disappears and such insured's interest in the crop covered by the insurance contract is not terminated thereby, any indemnity payable will be paid to the conservator or other legally qualified representative of his estate. If there be no such conservator or other legal representative, and the amount of the indemnity is less than 500 bushels, payment of the indemnity may be made to any member of the insured's family upon the presentation of proof satisfactory to the Corporation that the proceeds of such indemnity are needed and are to be used for the purchase of necessities for the insured's wife or minor children or other persons dependent upon him for support. If the insured's interest in the crop is terminated by reason of his disappearance, any relative by blood or connection by marriage of the insured who succeeds to his interest in the crop, but no other person, shall be entitled to the benefit of the insurance contract.

(2) After loss: If, after the time of loss, the insured disappears, payment of any indemnity will be made to the conservator or other legally qualified representative of his estate, but if there be no such conservator or other legal representative and the amount of the indemnity is less than 500 bushels, payment of the indemnity may be made to a member of the insured's family upon presentation of proof satisfactory to the Corporation that the proceeds of such indemnity are needed and are to be used for the purchase of necessities for the insured's wife or minor children or other persons dependent upon him for support.

(3) Definition of disappearance: An insured shall be deemed to have disappeared within the meaning of this section if he leaves the farm

covered by the insurance contract and his whereabouts have been unknown for a period of 150 days after the time of loss under such contract.

SEC. 83. *Fiduciaries.*—Any indemnity payable under an insurance contract entered into in the name of a fiduciary who is no longer acting in such capacity at the time for the payment of indemnity will be paid to the succeeding fiduciary upon appropriate application and proof satisfactory to the Corporation of his incumbency. In the event that there is no succeeding fiduciary, payment of indemnity shall be made to the persons beneficially entitled to the interest in the insured crop to the extent of their respective interests upon proper application and proof of the facts: *Provided, however,* That the loss may be adjusted with any one or more of the persons so entitled, and payment may be made to such person or persons in behalf of all the persons so entitled, whether or not the person to whom payment is made has been authorized to receive such payment by the other persons so entitled, and such payment shall constitute a complete discharge of the obligation of the Corporation with respect to the loss for which the indemnity is paid.

SEC. 84. *Determination of person to whom indemnity shall be paid.*—In any case where the insured has died, has become incompetent, has disappeared, or has ceased to act as a fiduciary, payment in accordance with the provisions of these regulations will be made only after the facts have been established to the satisfaction of the Corporation. The determination of the Corporation as to the existence or nonexistence of a circumstance in the event of which payment may be made to a person other than the named insured and of the person to whom such payment shall be made shall be final and conclusive. Payment of any indemnity in accordance with an adjustment made with such person shall constitute a complete discharge of the Corporation's obligation with respect to the loss for which such indemnity is paid and shall be a bar to recovery by any other person.

SEC. 85. *Payment conditioned upon compliance with provisions of the insurance contract.*—Payment of any indemnity, whether to the applicant or any other person determined by the Corporation to be entitled to such indemnity in accordance with the provisions of these regulations, will be made only upon full compliance with all the provisions of the contract, including the warranties and provisions relating to notice and proof of loss.

SEC. 86. *Limitation on transfer.*—(a) General: Except as is otherwise provided in these

regulations, neither the insurance contract nor any claim for indemnity thereunder, or any part or share thereof, or any interest therein, shall be transferable, nor shall any pledge of the contract be recognized. Notwithstanding any assignment, power of attorney, order, or other authority for receiving payment of any claim for indemnity under the insurance contract, any indemnity payable shall be made only to persons entitled to the benefit of the insurance contract as provided in the application and these regulations. The Corporation shall in no case be bound to accept notice of any assignment of the insurance contract, and nothing therein contained shall give any right against the Corporation to any person other than the insured except to an assignee approved by the Corporation.

(b) Assignment to secure loans and amounts due under lease, purchase, mortgage, or trust agreement: An insurance contract may be assigned as collateral security for a loan, the amount of the current year's rental due under a leasing agreement with respect to the farm upon which the insured crop is or will be seeded, or the amount of the current annual installment due under a purchase, mortgage, or trust agreement with respect to the farm upon which the insured crop is or will be seeded and an additional amount of any delinquency which may be due under the purchase, mortgage, or trust agreement of not to exceed the amount of the current annual installment including interest and taxes. Such assignment shall be made by the execution of a form prescribed by the Corporation, and, upon approval thereof by the Corporation as evidenced by the signature of the Manager and the countersignature of a duly authorized representative of the Corporation, the interests of the assignee will be recognized in the event of the payment of indemnity under the insurance contract to the extent of the unpaid balance of the amount (including interest and other charges) for which such assignment was made as collateral security: *Provided, however,* That (1) where any person has paid the premium for any insurance contract by an advance from the Secretary, any indemnity payable under any insurance contract of such person shall be subject to deduction for payment to the Secretary for the amount advanced which is owing at the time the indemnity is payable under any such contract; (2) the Corporation, in payment of the indemnity, may issue a check payable jointly to all persons entitled thereto and that such payment shall constitute a complete discharge of the Corporation's obligation

with respect to such loss under the insurance contract; and (3) payment of any indemnity will be subject to all conditions and provisions of the insurance contract. The Corporation's approval of an assignment shall not create in the assignee any right other than that derived from the assignor. Only one such assignment will be recognized in connection with the insurance contract.

(c) Assignment of the insurance contract with transfer of the crop: An insurance contract may be assigned before the time of loss with the approval of the Corporation only in connection with the voluntary transfer by the insured of all or part of his interest in the entire insured crop before the crop is harvested. Such assignment shall be made by the execution of a form prescribed by the Corporation. The approval of such assignment by the Corporation shall be evidenced by the signature of the Manager and the counter-signature of a duly authorized representative of the Corporation upon such form. The Corporation shall in no case be bound to accept notice of any assignment of the insurance contract, and nothing herein contained shall give any right against the Corporation to any person other than the insured, except to an assignee approved by the Corporation. A transfer made in order to forestall loss of the property covered by the insurance contract by operation of law shall not be regarded as a voluntary transfer within the meaning of these regulations.

SEC. 87. *Creditors.*—An interest existing by virtue of a debt, lien, mortgage, garnishment, levy, execution, bankruptcy, or any other legal process shall not be considered an interest in an insured crop within the meaning of these regulations.

Any indemnity payable under an insurance contract shall be paid to the insured, or to such other person as may be entitled to the benefits of the insurance contract under the provisions of these regulations, notwithstanding any attachment, garnishment, receivership, trustee process, judgment, levy, execution, lien, mortgage, foreclosure, order, decree, or similar process of law, equity, or bankruptcy directed against the insured or such other person, or against any indemnity alleged to be due to such person, nor shall the Corporation or any officer, employee, or representative thereof be a proper party to any suit or action with reference to such indemnity or the proceeds thereof nor be bound by any judgment, order, or decree rendered or entered therein. No officer, agent, or employee of the Corporation shall pay, or cause

to be paid, to any person other than the insured or other person entitled to the benefits of the insurance contract, any indemnity payable in accordance with the provisions of the insurance contract because of any such process, order, or decree. Nothing herein contained shall excuse any person entitled to the benefits of the insurance contract from full compliance with, or performance of, any lawful judgment, order, or decree with respect to the disposition of any sums paid thereunder as an indemnity.

PART IX

Advances by the Secretary

SEC. 90. *Payment of premium by means of advances.*—Premiums may be paid by means of advances from the Secretary under the provisions of "An Act to amend section 12 of the Soil Conservation and Domestic Allotment Act, as amended, by authorizing advances for crop insurance," approved March 25, 1939. The cash equivalent of any such premium shall be determined in the manner provided for in Part III of these regulations and the date for the determination of such cash equivalent shall be the date upon which the request for such advance is made. Requests for advances from the Secretary for the payment of premiums on behalf of applicants participating or agreeing to participate in the 1940 Agricultural Conservation Program shall be made at the time the application is submitted to the Corporation.

SEC. 91. *Refund of payments made by means of advances.*—Refund of any payment made to the Corporation by means of an advance by the Secretary shall be made to the Secretary, unless (1) the Secretary has recovered the entire amount advanced, in which case the refund will be made to the insured, or, (2) the Secretary has recovered a portion of the advance, in which case the amount of the refund necessary to reimburse the Secretary for the unrecovered amount advanced will be made to the Secretary and the remainder to the insured. The amount of any such refund shall be determined in the manner provided in Part IV of these regulations.

SEC. 92. *Deductions from indemnities to reimburse Secretary.*—The Corporation may deduct and pay to the Secretary, from the indemnity payable under any insurance contract to a person who has secured an advance from the Secretary for payment of the premium on any such contract, the amount necessary in order that the Secretary may be reimbursed for the entire amount advanced.

PART X

Miscellaneous

SEC. 100. Gender and plural meaning of terms.—Any term used in the masculine or in the singular shall also be construed or applied in the feminine or neuter gender, or in the plural person, wherever the context or application of such term so requires.

SEC. 101. Fractional units in acres and yields.—Fractions of yields per acre, loss costs, and premium rates shall be rounded to the nearest tenth of a bushel. Fractions of bushels, other than yields per acre, loss costs, and premium rates, shall be rounded to the nearest bushel. Fractions of acres representing total acres of wheat shall be rounded to the nearest tenth of an acre. Fractions representing five one-hundredths or less shall be dropped, and fractions representing more than five one-hundredths shall be considered as a whole tenth.

SEC. 102. Other insurance.—If the insured has or acquires any other "all-risk" insurance against substantially all the risks that are insured against under the insurance contract on the crop or portion thereof covered in whole or in part by such insurance contract, whether valid or not, or whether collectible or not, the liability of the Corporation shall not be greater than its share would be if the amount of its obligation were divided equally between the Corporation and such other insurer or insurers.

SEC. 103. Subrogation.—The Corporation may require from the insured an assignment of all rights of recovery against any party for loss

or damage to the extent that payment therefor is made by the Corporation, and the insured shall execute all papers required and shall do everything that may be necessary to secure such rights.

SEC. 104. Suit.—No suit or action shall be brought to enforce any claim for loss under the insurance contract unless all the requirements of such contract shall have been complied with.

SEC. 105. Restriction on purchase and sale of wheat.—Insofar as practicable, the Corporation shall purchase wheat only at the rate and to a total amount equal to the payment of premiums in cash to farmers or to replace promptly wheat sold to prevent deterioration; and shall sell wheat only to the extent necessary to cover payments of indemnities and to prevent deterioration: *Provided, however,* That nothing in this section shall prevent prompt offset purchases and sales of wheat for convenience in handling.

SEC. 106. Review of determinations of county committees.—All determinations by county committees shall be subject to review and approval or revision by duly authorized representatives of the Corporation.

Adopted by the Board of Directors on June 2, 1939.

M. L. Wilson

Chairman.

Approved June 30, 1939.

H. Wallace

Secretary of Agriculture.